



MEMORANDUM

TO: County Commissioners in Northampton, Halifax, Nash, Wilson, Johnston, Sampson, Cumberland, and Robeson Counties

FROM: Senate Democratic Whip Terry Van Duyn
House Democratic Leader Darren Jackson

Re: Atlantic Coast Pipeline (ACP)

DATE: March 29, 2018

There has been no shortage of debate surrounding the Atlantic Coast Pipeline (ACP). Whatever you think about the project, we should all agree it is critical to seize the opportunity to make sure local communities enjoy some benefit from the pipeline.

That is why Governor Cooper negotiated a Memorandum of Understanding (MOU) with Atlantic Coast Pipeline, LLC that said the company would pay \$57.8 million to benefit counties along the pipeline route. The MOU provided that the money be spent in three ways:

1. Job creation and economic development;
2. Environmental mitigation;
3. Renewable energy projects into the local communities.

The money would arrive in two installments: half upon issuance of the Final Notice to Proceed for the project and half for when the ACP goes into service.

The General Assembly responded by passing HB 90. Section 1 of HB 90 violates the MOU by changing how the funds are to be spent. Without the MOU, there is nothing to compel the company to pay a dime for any purpose.

Other states like Virginia have entered into agreements similar to what Governor Cooper negotiated for North Carolina. The rationale is simple: help local communities benefit from the ACP with one-time funding that can be used for one-time projects. Now we are on the brink of missing out on this opportunity.

If Section 1 of HB 90 is not repealed, what happens next? That is unclear. North Carolina had a MOU requiring the Atlantic Coast Pipeline, LLC to pay impacted communities \$57.8 million. Now that MOU is unenforceable. Will the company still pay without an obligation to do so? According to HB 90, if the company does pay voluntarily, the money will be spread across 11 school districts instead of going for local job creation.

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Our public schools need more funding, but we need sustained funding over time at much higher levels. North Carolina ranks 43rd in the country in per pupil spending on public schools. Inflation-adjusted state funding per pupil has fallen from \$6,300 in 2007-2008 to \$5,616 in 2016-2017.

The solution to North Carolina's public school crisis is not \$57.8 million in one-time funds spread over several years and across 11 school districts. The solution is higher levels of General Fund investment, particularly in rural Eastern North Carolina which lacks the local property tax base found in urban areas.

We urge you to contact Speaker Tim Moore, Senate President Pro Tempore Phil Berger, and your local legislators to ask them to take two steps:

Step One: Repeal Section 1 of HB 90. Repeal would restore the enforceability of the MOU between Governor Cooper and the Atlantic Coast Pipeline, LLC. That will lead to an investment of \$57.8 million in local economic development, environmental mitigation, and renewable energy in communities along the pipeline route.

Step Two: Amend the Appropriations Act of 2017 in the Short Session to restore per pupil public school investment by the State of North Carolina to pre-Great Recession levels. That will mean a significant increase in state support for your local schools.

Thank you for your attention to this letter and your service to your communities.

Sincerely,

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DGJ:asm